

Fairfax County
Affordable Dwelling Unit Program

Sales Prices for Affordable Dwelling Units



Issued pursuant to Paragraph 6, Section 810
of Part 8, Article 2, of Chapter 112, Zoning
Ordinance of the Fairfax County Code,
September 26, 1990, as amended on March
31, 1998.

Revised July 1, 2001

Section 1

Applicability

- 1.1 These prices and price calculation procedures are applicable to new houses constructed and sold in fulfillment of the Affordable Dwelling Unit program, Part 8 of Article 2 of the Zoning Ordinance (the ADU ordinance). The County-wide sales prices are based upon a determination of all ordinary, necessary and reasonable costs required for private industry to construct the affordable dwelling unit prototype units which have been established by the Fairfax County Redevelopment and Housing Authority and approved by the Affordable Dwelling Unit Advisory Board. The County Executive has considered written comments from the public, the FCRHA and the Affordable Dwelling Unit Advisory Board and other available information such as the area's current general market and economic conditions. Information has been obtained relative to housing prices and construction costs from an independent construction cost estimator and through consultation with the building industry, and professional and citizen groups having information relative to moderate income housing.
- 1.2 These Affordable Dwelling Unit (ADU) Prices and provisions apply to all ADUs offered as provided in Section 2-810 of the ADU ordinance. The maximum allowable sales price for the ADUs will be fixed when an offering agreement is signed by the Department of Housing and Community Development (HCD) on behalf of the FCRHA which is designated to regulate the sale of ADUs.

Section 2

Maximum, Allowable Sales Prices of ADUs

- 2.1 The maximum, allowable sales prices of ADUs sold in accordance with the requirements of Chapter 112 (Zoning Ordinance), Article 2, Part 8 of the Fairfax County Code shall be determined as described below. These prices are subject to the adjustments contained in Section 3.
- 2.2 The attached schedule lists the base unit structure cost for a unit which is the base square foot size for each unit type. For units differing in size (square foot area) from the base unit, the added cost will be based on one-half the base square footage structure cost times the additional square footage up to the maximum; and for units below the base, the difference times seventy-five (75) percent of the base square foot rate will be deducted down to the minimum. Minimum and maximum sizes of units

are as shown on the ADU standards attached. No ADU shall be built with less than the minimum square footage specified.

After computing the structure cost based on the actual square footage in an ADU and the allowed cost of any adjustments as described in Section 3.1 below, the site development cost for the appropriate unit type from the attached schedule will be added. Other special adjustments may be permitted as described in Sections 3.2, 3.3 and 3.4 below.

- 2.3 Building permit fees, site review and permit fees, plumbing and electrical permit fees, Virginia Department of Transportation fees and water and sewer availability and connection fees are not included in the basic unit cost or square foot cost. Standard utility and availability fees as of July 1, 2000 are shown on the attached schedule. The computation of the sales price will include the actual pro rata cost to the developer for these fees as well as any other documented permit or review fees, road formula contributions, etc. which are required for a particular development.
- 2.4 Construction loan interest is included in the allowable sales price. It will be computed as shown on the attached sales price calculation form. The following costs, in addition to the construction loan expenses, are included in the allowable sales price and are expressed as a percentage of the total price as follows:
 - (a) Builder's overhead and development allowance - 10 percent
 - (b) Construction loan placement fee - 1.5 percent
 - (c) Legal and closing costs - 3.0 percent
 - (d) Marketing and commission costs - 1.5 percent
- 2.5 The allowance for legal and closing costs includes the following costs which are to be paid by the seller:
 - (a) One percent for a permanent loan origination fee;
 - (b) County tax certificate, transfer charges, revenue stamps and recordation charges;
 - (c) Title examination, settlement, and attorney fees;
 - (d) Notary fees and fees for preparation of a deed of conveyance, a deed of trust or mortgage, and the deed of trust or mortgage note;

- (e) House location survey plat; and
- (f) Appraisal fees and credit report charges.

Section 3

Price Adjustments for Variations from Basic Unit Standards

- 3.1 Unfinished space is not included in maximum allowable size. Unfinished space generally consists of a full or partial basement, garage space or unfinished ground floor space. The cost of unfinished space can be added to the base cost of single family units and is allowed for actual square footage of unfinished space multiplied by the rate shown.
- 3.2 End units: In any instance where a single family attached ADU is constructed as an end-unit dwelling, the allowable structure cost will be adjusted to reflect the increased costs associated with the construction of the end unit in accord with the ADU Price Adjustments attached as an addendum to the price schedule.
- 3.3 Additional baths: The structure cost will also be adjusted to reflect the cost of providing additional full or half-baths (above the requirements of the ADU specifications for prototype units), either complete or rough-in, in accord with the attached ADU Price Adjustments addendum.
- 3.4 Exterior architectural compatibility upgrades: The County Executive may permit an increase in the allowable sales price of an ADU when it is found that enhancing the external design of the ADU can reduce the visual and marketing impact of the ADUs on the market-rate units in the subdivision. Except for those developed in the great house configuration (explained below) this option is not available for multi-family ADUs. Any applicant or owner may voluntarily construct affordable dwelling units with exterior architectural compatibility upgrades (such as brick facade, brick stoops, shutters, reverse gables, bay windows, additional landscaping on the ADU lot, etc.) to a standard in excess of the specifications developed by the Fairfax County Redevelopment and Housing Authority. These provisions for additional cost recovery are intended to encourage upgrades for architectural compatibility and dispersion of units throughout a development. Compensation will be based upon the cost difference between the design elements included in the calculation of the ADU allowable structure cost and those design elements for which the builder is requesting compensation. Cost estimates or construction bids must be submitted that will establish this difference in cost. The increase approved for architectural compatibility will be limited to 50 percent of any added

cost up to a maximum of 2 percent of the sales price. Landscape upgrades may comprise up to 1 percent of the 2 percent total.

- 3.5 Great House Adjustment: For compatibility purposes the County Executive has found it desirable, particularly in subdivisions where the market rate units are single family detached, to encourage the design and construction of groupings of attached ADUs that together resemble a single family detached dwelling unit in terms of bulk and architectural elements. This design option is known as the "Great House." A credit of five (5) percent of total development costs (unit cost, site development cost, fees, plus other adjustments for end units, extra baths, unfinished space cost) can be added to the total for attached and multi-family ADUs meeting the design guidelines for the great house. For great house ADUs developed in the duplex configuration a ten (10) percent credit will be allowed. For the purpose of determining base cost rates all great house ADUs will utilize the standard rates for attached or multi-family ADUs, depending on the type. To qualify for a great house credit ADUs must conform to the design guideline most appropriate to its type found in the addendum to the price schedule entitled ADU Price Adjustments.
- 3.6 The County Executive may adjust the allowable sales price of an ADU if the developer/builder can demonstrate that additional unusual costs have been incurred (i.e., costs not already included in the allowable structure, lot development or permit and fee costs) which are directly attributable to and benefit the ADUs and which are the result of:
- (a) conditions or fees; such as impact or similar fees imposed by a governmental unit or as condition for permit approvals;
 - (b) additional considerations or fees as a condition of obtaining governmental financing programs; or
 - (c) additional fees imposed by public utilities.

Documentation for such costs must accompany the request for determination of sales prices when submitted to HCD. Requests for price adjustments must be initiated by the builder/developer.

- 3.7 When the buyer and seller of an ADU agree to modify the unit structurally to facilitate access or use by a disabled person(s), the allowable sales price may be adjusted by the amount of the additional costs. The builder/developer must obtain approval of the adjusted price prior to executing a sales contract.

- 3.8 The construction loan interest rate used to calculate construction financing costs is based upon the prime interest rate that exists at the time of the offering plus two percentage points.
- 3.9 Fees paid by the seller (builder) which are required to place permanent financing will be permitted to be added to the allowable sales price to determine the final sales price to the purchaser. These fees may include the seller's permanent loan fees (points) which are in excess of one percent and any buy-down fees paid to a financial institution to reduce mortgage interest rates on the purchaser's loan below current market interest rates. There will be no additions if the buyers secure their own financing. Documentation of these costs must be provided within the sales contract.
- 3.10 When the Virginia Housing Development Authority's (VHDA) single family mortgage program is utilized to provide permanent financing for purchasers of ADUs, the seller must exclude closing costs and the cost of any personal property (e.g. stove, refrigerator) from the sales price. The resulting sales price must reflect a deduction which equals the actual closing costs and costs of personal property which are to be paid by the buyer. This provision only applies to those ADUs for which a commitment of permanent financing has been received from VHDA.
- 3.11 The loan amount, but not the final sales price, may be increased to cover the cost of amortizing the mortgage insurance premium on FHA loans.

Section 4

Revision

These sales prices will be reviewed semi-annually and may be adjusted at such review. Adjustments in these initial prices will be computed according to the percentage cost change in the various cost elements as indicated by the U.S. Department of Commerce's Composite Construction Cost Index.

Section 5

Effective Date

These provisions will take effect on July 1, 2001.

Anthony H. Griffin, County Executive

Attachments:

1. Schedule of Affordable Dwelling Unit
Prototypes and Costs
2. ADU Unit Price Adjustments
3. ADU Structure Cost Calculation
4. ADU Unit Price Calculations